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COMMISSION ON THE ORGANIZATION OF THE GOVERNMENT  
FOR THE CONDUCT OF FOREIGN POLICY

2025 M STREET, N.W.  
WASHINGTON, D.C. 20506

August 8, 1974

Attachment  
USIB/IRAC-D-26.3/2  
14 August 1974

The Honorable William E. Colby  
Director  
Central Intelligence Agency  
Washington, D. C. 20505

Dear Bill:

As the Commission on the Organization of the Government for the Conduct of Foreign Policy moves from the briefing phase to the phase of study in depth of some selected features, I would like to outline for you our approach in the area of intelligence. Intelligence obviously plays a major role in the formulation and execution of foreign policy. We would like to identify that role clearly and look at various ways intelligence could make an even better contribution to foreign policy deliberations. This will require us to be aware of some of the organizational aspects of the intelligence relationship to foreign policy and to assess the ways in which intelligence contributes to foreign policy, from the raw report to the finished estimate. We must also cover the degree of success our intelligence has and can hope to have in accurately reporting events abroad and projecting their likely future directions. I think we must include a review of the political costs involved in intelligence operations where they do cause problems for foreign policy. As a related but somewhat separable issue, we will need to identify the role in our foreign policy of what is called covert action and come to some judgments on its desirability, extent and decision-making process.

On the other hand, I do not view the Commission's function as reviewing and making recommendations on the organization of our intelligence services and community, its budgets, personnel strengths, etc., or the details of its operations and procedures. The Commission will not be conducting an investigation of the organization of intelligence itself, but, rather, the role of intelligence as it affects the conduct of our foreign policy. In order to make informed judgments on the latter, of course, we must be aware of some of these matters as necessary background, but I want to assure you that the thrust of our work will be in the latter category. I share what I know is your great concern about the necessity to protect the sensitive operational aspects of the intelligence effort. We will conduct our inquiry and maintain our records so as not to expose such matters.

As you know, we have consulted a number of experts to help the Commission draw up a Study Plan, and I enclose a copy of their suggestions for your information. The plan would operate under the close supervision of our Executive Director Francis Wilcox and his Deputy Fisher Howe. It will be

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The Honorable William E. Colby

will

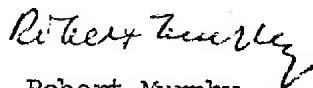
noted that Mr. William J. Barnds/draw up Paper #1 and #2 on "Intelligence Functions and Policy Making in the Institutional Context"; Mr. Clinton W. Kelly III, Paper #3 on "Innovation in Intelligence Production", and William R. Harris, Paper #4, on "Authority for the Conduct and Management of Foreign Intelligence".

As you will note from the enclosure, there will be an "all source" study project under Intelligence Project Director Mr. Kent Crane, which will include analysis of past studies and reports on the intelligence community. He and others will be discussing with you the specifics of these studies and be sure that appropriate clearances are obtained and other arrangements made.

The Commission is most grateful for your cooperation and encouragement in the initial phase of our work.

With warm regards

Yours sincerely,



Robert Murphy  
Chairman

RM:lb  
Enclosures

Enclosure to  
Attachment  
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July 19, 1974

SUBJECT: Study Plan - Intelligence and Covert Action

1. The Problem.

- (a) What organizational and procedural steps should be taken to improve intelligence support for the conduct of foreign affairs, and what level of effort is required to provide adequate support?
- (b) Should the U.S. have a capability for covert political action; if so, where should the responsibility be lodged and under what controls should it operate?

Some important intelligence matters, including especially an examination of the usefulness of intelligence support in a variety of foreign policy situations, will be addressed in the case studies of the Commission's Research Plan. But many aspects of the organization and procedures of the intelligence community also deserve separate and reasonably comprehensive study. The agencies are large, costly, and important to the conduct of foreign policy. Furthermore, there is disagreement about the roles they should play in the post-cold war era. Some of the issues involved have not been thoroughly examined by previous commissions.

The problem of intelligence generally breaks down into the following components:

- (a) The Role of Intelligence. What is the proper function performed by intelligence in support of the conduct of foreign policy; what should it do and what should it not do? Involved here is an analysis of the manner in which intelligence can give support to a wide variety of customers. It also calls for a review of misunderstandings and different perspectives that distort the relationship between intelligence users and intelligence producers and collectors.

- (b) The Activities Appropriate to that Role.

- 1. In the process of analysis to produce "finished" intelligence, what are the roles best played by the State Department (INR),

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DIA, other Agencies, and the various analytical offices in CIA. What should be the system for producing National Intelligence Estimates?

2. What is the best organization for the collection of raw information in support of intelligence analysis and of policymakers who set priorities, allocate missions, and control collectors overseas; how much collection is related to foreign policy as opposed to other purposes; what are the strengths and weaknesses of collection by Foreign Service Officers, CIA stations, military attaches, and technical sensors; what is the procedure of disseminating raw data; what are the mechanisms for insuring feedback to the collectors?

- (c) The Role of the Director of Central Intelligence. What is the most desirable relationship of the DCI to the President and the National Security Council; what should be the extent of his authority over the full range of intelligence programs, military as well as civilian.

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The Commission's exploration of the problems of intelligence and of covert action in relation to the Organization of the Government for the Conduct of Foreign Policy is made particularly difficult by (a) the size and complexity of the intelligence community, (b) the intricacy of the relationship between the several components of the intelligence effort and policymaking, but particularly (c) the highly classified nature of the intelligence function and materials. For these reasons, a special and quite different study plan must be developed.

## 2. Study Plan.

A Study Group composed of two or three Commission members and a number of experts knowledgeable about intelligence matters, drawn from several different quarters, will prepare conclusions and recommendations for the Commission's review. The group will be equipped to deal with classified information.

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The Study Group will base its work on the findings of the case studies underway as part of the Commission's Research Program and on special preparatory materials developed by two complementary sets of studies.

The plan of study, therefore, falls into two stages:

STAGE I - Preparation of papers for the review of the Intelligence Study Group, as follows:

- (a) Analytical Issue Papers: Studies focused on specific issues, and problems prepared by informed observers from outside the intelligence community in accordance with the outline attached (TAB A). The research consultant supervisor is William R. Harris of Santa Monica, California. To the extent possible, this group of analytical issue papers will be unclassified although classified data will need to be reviewed in their preparation, including interviews with intelligence and policymaking officials.
- (b) A special "All Source Study," focused principally on findings and resulting changes of previous reports of the intelligence community. The "All Source Study" will be undertaken by the Intelligence Project Director, Kent Crane, with the assistance of a staff officer in accordance with the attached outline (TAB B). It is understood that this study must be handled in a special, limited access manner that would insure absolute protection of not only the security classification of the material but also agency views and plans which are understandably highly sensitive quite apart from classification.

The Deputy Director will assure that there is no duplication of interviews of agency personnel or requests for documentation on the part of those making the two sets of studies.

STAGE II - Intelligence Study Group to review the foregoing papers in conjunction with the findings of Research Program case studies, and to make recommendations on appropriate organization and procedures for intelligence support of the

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conduct of foreign policy. The Study Group may require a number of meetings at spaced intervals over two or three months period. Under the overall direction of the Executive Director, the Intelligence Project Director will coordinate the staff support for the Study Group, and collate the data for the Commission.

INTELLIGENCE ANALYTICAL ISSUE  
PAPERS

TAB A

Paper #1, INTELLIGENCE FUNCTIONS

Author: [REDACTED]

Commentator #1: (to be determined, background  
in intelligence production)

Commentator #2: (to be determined, background  
in policy uses of intelligence)

Purpose: This paper would have two purposes:

(a) To define alternative, normative concepts of intelligence functions, and to link alternative conceptions of management responsibilities and functions. This paper would review the misunderstandings and different perspectives that distort the relationship between intelligence users and producers. In defining the proper function of intelligence, the author would stress the limits of the intelligence mission.

(b) To relate in broad terms the conceptions of function and performance to organizational and procedural alternatives. The paper would discuss the roles and relationships of the DCI; the NSC; the Intelligence Coordination Staffs, Committees, and Processes; and policymakers.

Research Methodology: review of literature on intelligence functions [REDACTED] inter-views with selected intelligence producers and collectors (active and retired); policymaking consumers and military service consumers.

Anticipated length: 20-30 pages

Deadline for submission (in draft): September 9, 1974

Paper #2, INTELLIGENCE AND POLICYMAKING IN THE INSTITUTIONAL CONTEXT

Author: [REDACTED]

Commentator: to be determined

Purpose: This paper would relate the concepts of intelligence and the broad organizational and procedural alternatives (addressed in Paper #1) to the institutional mechanisms and practices of the Intelligence community. It would seek to address such questions as the following:

- If many of the demands of key consumers cannot be met, and if much of intelligence production is not read by the intended recipients, are there organizational implications?

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- What is the need for mutual education of intelligence and policy officials?
- For the determination of production requirements and the process of analysis (estimative, current, and basic)?
- What should be done about the present intelligence requirements staffs?
- Can the intelligence system be reformed to provide more relevant, responsive products to consumer groups (more carefully differentiated) without compromising the independence or integrity of the intelligence analysts?
- How can analysts best be encouraged to initiate new intelligence products which are helpful to consumers?
- How can top quality analysts be retained and recruited for intelligence work?
- What are the responsibilities of policymakers to intelligence officers?

This paper would examine the role and performance of the NSC Intelligence Committee and other mechanisms for getting the consumers' points of view across to the intelligence community. It would also address the role of competition and coordination in intelligence analysis: in what areas is analytical duplication useful or counterproductive?

Research Methodology: literature and Review of relevant/intensive interviews with intelligence producers, consumers, and other observers (below the level of the DCI or SecDef). All organization charts and descriptive reference material will be included in a detailed, classified appendix.

Anticipated length: 50-75 pages

Deadline for submission (in draft): September 27, 1974

Paper #3, INNOVATION IN INTELLIGENCE PRODUCTION

Author, Part I: [REDACTED]

Commentator, Part I: Dr. Thomas Brown, Associate Head (Mathematics), The RAND Corp.

Author, Part II: to be determined

Commentator, Part II: to be determined

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Part I: This paper would summarize prior work on probabilistic forecasting and scoring techniques to evaluate intelligence products and forecaster performance. Examples of experimental intelligence products would be included as a classified annex. The paper would differentiate between those topics which are particularly susceptible to quantitative analysis and those which are not.

Anticipated length: 30-40 pages

Deadline for submission (in draft): September 9, 1974

Part II: This paper would discuss new fields for intelligence research, such as environmental issues, certain aspects of economic intelligence (food production, climate forecasts, population studies, marine resources, etc.), international terrorism, and narcotics control. The paper would consider new consumers for intelligence support, not only within the U.S. Government but in international organizations such as the UN. The paper would also assess innovations in information processing, real-time consumer access, and alternative paradigms of analysis.

Anticipated length: 50-60 pages

Deadline for submission (in draft): September 9, 1974

Research Methodology: For Part I, revision of prior research. For Part II, interviews with methodology experts at the Center for Analytical Methodology, CIA, IC Staff, CCI, OPR, OSR, OER, OSD/NAG, etc. Both Parts I and II will be written on an unclassified basis, with classified appendices as necessary.

Deadline for submission (in draft): September 9, 1974

Paper #4, AUTHORITY FOR THE CONDUCT, AND MANAGEMENT OF FOREIGN INTELLIGENCE

Author:

Commentator #1: John T. Elliff, Brandeis University

Commentator #2: General Counsel, CIA

Purpose: This paper would discuss the constitutional and statutory base for foreign intelligence, with explicit reference to the National Security Act of 1947, the CIA Act of 1949, and the full range of NSC Intelligence Directives. The paper would address: the authority of the DCI and the IC Staff; the role of the President and Congress in delegating authority to collect intelligence information; the adequacy of the present authority for the conduct of covert operations

by the CIA and the DoD; the authority to collect information within the US; the authority to release information of commercial value; the authority to collect and disseminate information on international organizations and multinational corporations; the authority to exchange information with foreign governments; and the authority to protect intelligence sources and methods from unauthorized disclosure. The paper would suggest alternative approaches and discuss the pros and cons of recommending statutory reforms.

Research Methodology: This paper will be unclassified, though NSCIDs may be included as a classified appendix. Research will use public laws, Guide to CIA Statutes and Laws, legal commentaries, interviews with general counsels, and others involved in review of present authority.

Anticipated length: 40-60 pages

Deadline for submission (in draft): September 9, 1974

Paper #5, INTELLIGENCE RESOURCE MANAGEMENT

Author:

Commentator:

Purpose: This paper should address not only questions of efficient resource allocation but also the capacity of the DCI and others to make appropriate decisions and to manage resources appropriated to other agencies. The stress would be on these programs run by the Secretary of Defense on behalf of the national intelligence effort. The paper would examine the role of the Intelligence Resources Advisory Committee and the other committees that coordinate expensive and sensitive collections programs. What role should be played by OMB, the DCI, the IC Staff, PFIAB, and Congress? Is it practical to expect the DCI to exercise greater authority over the annual budget of the intelligence community and to set long range planning goals? Since the overwhelming share of the combined intelligence budget is expended by DoD agencies, with practical constraints upon intervention by the DCI or his IC Staff, what are the implications for the reorganization of DoD intelligence management? If there are systematic misallocations of resources, are there organizational or legislative reforms which are advisable? Alternative techniques for budgetary review of intelligence activities will be discussed. Alternative roles for intelligence consumers in determining intelligence expenditures or consumer-agency funds for acquisition of special intelligence products will be considered.

Research Methodology: review of relevant literature (Marchetti/Marks, etc.); interviews with budget specialists in DoD, IC Staff, OMB, and IRAC.

Anticipated length: 30-50 pages (with classified appendix discussing specific budget figures)

Deadline for submission (in draft): September 9, 1974

Paper #6, CLANDESTINE OPERATIONS AND COVERT ACTION

Author: to be determined

Commentator: to be determined

Purpose: This paper will discuss the pros and cons of maintaining a capability for covert action, and the criteria which ought to govern its use. The paper will explore the relationship between covert action and human intelligence collection in terms of cover, coordination, personnel, management, and control. The paper will address problems of command and control inherent in highly compartmented operations, and it will examine carefully the review process of the 40 Committee and other oversight groups.

Research Methodology: Review of the extensive (largely critical) literature on clandestine operations; interviews with DoD hierarchy as available. Emphasis on organization and procedure, rather than on any specific operations. Paper to be unclassified, but may contain classified annex.

Anticipated length: 40-60 pages

Deadline for submission (in draft): September 9, 1974

TAB B

### All Source Study

Study Purpose. An "all source" study project will be mounted to prepare a limited access report of perhaps 30-50 pages of analysis, without recommendation, of past studies and reports on the intelligence community. Requests for interviews, documents, written questions and possibly for reasonable staff assistance may be made to the DCI. As with the complementary Analytical Issue Papers on Intelligence, the "All Source" project will be designed for the sole purpose of assisting the Study Group in arriving at findings and recommendations for review by the Commission.

Methodology. The Commission, with the assistance of the DCI, would obtain copies of a limited number of previous reports to be stored in the PFIAB vault. The Intelligence Project Director and a staff officer would carry out a number of interviews in order to judge the effectiveness of these studies and reforms and present an analysis of the critical elements for Study Group review.

Timing. Study to be completed by October 1.